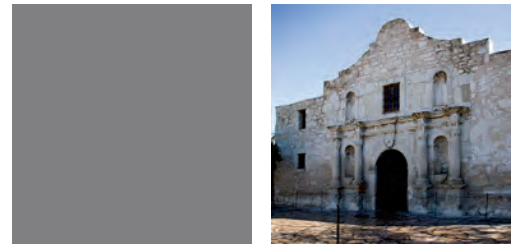


San Antonio Medical Report

Fourth Quarter 2009



TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents



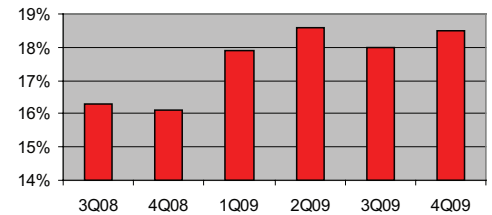
Overview

The San Antonio medical market, totaling nearly 5.8 million square feet of tracked multi-tenant space has certainly proven to be the most recession-resistant of all the property types but vital signs slowed somewhat in the fourth quarter. The relocation of UT Medicine physicians out of multi-tenant space and into the newly completed Medical Arts Research Center (MARC) led to 34,678 square feet of negative absorption in the final quarter of the year. Still, earlier activity kept the annual absorption total in the black with a net gain of 46,661 square feet. In reality, the fully occupied MARC facility (286,000 sf) added to the net gain in the statistical market combined for a respectable total of nearly 332,700 square feet of overall absorption for the year.

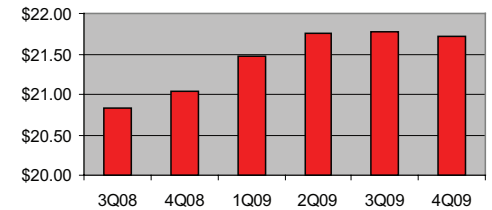
Nearly 220,000 square feet of new medical office inventory was delivered to the market in 2009 led by the Methodist Stone Oak Medical Office Building (116,000 sf), followed by Villa Rosa Medical Plaza (70,161 sf) and Lexington Plaza (33,431 sf). New supply outpaced demand which pushed the citywide vacancy rate up to 18.5% compared to 16.1% recorded at the end of 2008. It is important to note that, although vacancy in the multi-tenant market is up, the greater medical market including owner-occupied buildings and clinical facilities has remained relatively stable. At the same time, there has been a good deal of medical and medical-related activity within traditional office properties.

Asking rents for medical office space have likely peaked for this cycle. The citywide average quoted rental rate is up 3.2% over last year but retreated six cents compared to last quarter to close the year at \$21.71 per square foot annually on a full-service basis. Looking ahead, the 18707 Hardy Oak (113,786 sf) is nearing completion and set to come online in the first quarter with roughly 9,000 square feet reportedly pre-leased but the majority of the half million square feet of planned projects will likely sit on the drawing boards for the better part of 2010.

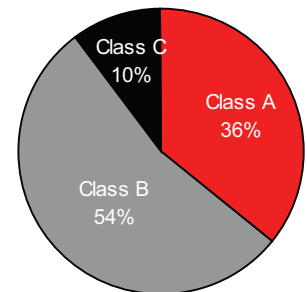
Overall Vacancy (%)



Average Asking Rental Rate



Market Inventory %



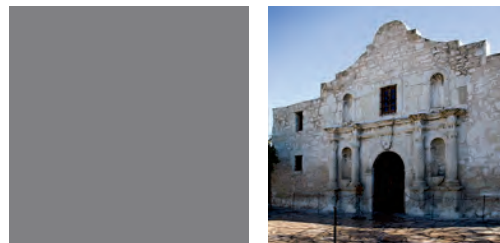
Major Lease Transactions

Tenant	Building	Size	Submarket
Schnitzler Cardiovascular Consultants	Ashford Oaks	12,884	Northwest
Simian Diagnostic Laboratories	Louis Pasteur Professional Bldg	12,523	Northwest
Southwest Home Health	San Pedro Plaza	6,280	North Central
Brit-Tex Nursing	6655 First Park Ten	5,770	Northwest
Alamo Laser Vision Center	Northwest Center	3,016	Northwest
Scott Sledge, MDPA	Sonterra Medical Park I	2,251	Far North Central

*All rents are per SF/per YR unless otherwise noted.

Medical Market Snapshot

Fourth Quarter 2009



CITYWIDE

	4Q 2009	4Q 2008
All Classes		
Inventory	5,771,377	5,478,325
Available	1,068,355	883,259
%Vacant	18.5%	16.1%
Average Rent	\$21.71	\$21.04
4Q Absorption	(34,678)	63,141
YTD Absorption	46,661	76,878
Class A Space		
Inventory	2,050,810	1,806,910
Available	394,026	280,894
%Vacant	19.2%	15.5%
Average Rent	\$25.20	\$23.79
4Q Absorption	16,413	45,729
YTD Absorption	90,793	93,234
Class B Space		
Inventory	3,138,028	3,090,554
Available	587,019	529,195
%Vacant	18.7%	17.1%
Average Rent	\$20.13	\$20.08
4Q Absorption	(65,727)	37,937
YTD Absorption	(29,992)	17,215
Class C Space		
Inventory	582,539	580,861
Available	87,310	73,170
%Vacant	15.0%	12.6%
Average Rent	\$17.91	\$17.61
4Q Absorption	14,636	(20,525)
YTD Absorption	(14,140)	(33,571)

CENTRAL BUSINESS DISTRICT

	4Q 2009	4Q 2008
All Classes		
Inventory	1,012,171	977,592
Available	136,382	139,754
%Vacant	13.5%	14.3%
Average Rent	\$18.29	\$17.56
4Q Absorption	1,025	0
YTD Absorption	36,803	(16,995)
Class A Space		
Inventory	89,906	89,906
Available	10,213	10,213
%Vacant	11.4%	11.4%
Average Rent	\$17.25	\$17.00
4Q Absorption	0	0
YTD Absorption	0	(1,222)
Class B Space		
Inventory	851,124	816,545
Available	119,001	117,038
%Vacant	14.0%	14.3%
Average Rent	\$18.37	\$17.55
4Q Absorption	(4,116)	0
YTD Absorption	31,468	(10,669)
Class C Space		
Inventory	71,141	71,141
Available	7,168	12,503
%Vacant	10.1%	17.6%
Average Rent	\$18.66	\$18.37
4Q Absorption	5,141	0
YTD Absorption	5,335	(5,104)

NON-CBD

	4Q 2009	4Q 2008
All Classes		
Inventory	4,759,206	4,500,733
Available	931,973	743,505
%Vacant	19.6%	16.5%
Average Rent	\$22.44	\$21.80
4Q Absorption	(35,703)	63,141
YTD Absorption	9,858	93,873
Class A Space		
Inventory	1,960,904	1,717,004
Available	383,813	270,681
%Vacant	19.6%	15.8%
Average Rent	\$25.57	\$24.14
4Q Absorption	16,413	45,729
YTD Absorption	90,793	94,456
Class B Space		
Inventory	2,286,904	2,274,009
Available	468,018	412,157
%Vacant	20.5%	18.1%
Average Rent	\$20.78	\$20.99
4Q Absorption	(61,611)	37,937
YTD Absorption	(61,460)	27,884
Class C Space		
Inventory	511,398	509,720
Available	80,142	60,667
%Vacant	15.7%	11.9%
Average Rent	\$17.81	\$17.50
4Q Absorption	9,495	(20,525)
YTD Absorption	(19,475)	(28,467)

Statistical Information is calculated for all multi-tenant medical office buildings 20,000 sq. ft. and larger (excluding Single-Tenant, Owner-Occupied, Government).

Average Rental Rates reflect asking rental rates quoted on an annual full-service basis. Individual building rates are weighted by the total rentable square footage of the building.

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